

Message Text

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PAGE 01 BUDAPE 03006 291244Z

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ACTION EUR-25

INFO OCT-01 ADP-00 NIC-01 CU-04 PA-03 PRS-01 USIA-15

AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

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E.O. 11652: N/A

TAGS: EFIN, BTRA, HU

SUBJECT: NATIONAL BANK DELEGATION TO UNITED STATES

1. CHARGE CALLED ON FEKETE OF NATIONAL BANK AUGUST 28 PRIOR TO LATTER'S DEPARTURE FOR US WITH BANK DELEGATION. FEKETE SAID THAT WHILE IN WASHINGTON HE AND BANK PRESIDENT ANDOR LASZLO WOULD LIKE TO MEET BRIEFLY WITH ONE OR TWO MEMBERS OF SENATE COMMERCE COMMITTEE, SPECIFICALLY MENTIONING SENATORS BAKER AND CANNON, AND WOULD ALSO LIKE TO CALL ON REP. REUSS WITH WHOM HE PERSONALLY ACQUAINTED. DELEGATION, WHICH ALSO INCLUDES TAMAS BESKAI, BYULA FAY OF BANK AND ZOLTAN FILIPSZKY OF FINANCE MINISTRY, ALSO INTERESTED IN MEETINGS WITH INTERNATIONAL MONETARY AFFAIRS SECTION OF TREASURY.

2. FEKETE STATED THAT PRIME PURPOSE OF DELEGATION'S VISIT TO US AT THIS TIME WAS RENEW CONTACTS WHICH HAD BEEN MADE WITH AMERICAN BANKERS VISITING HUNGARY EARLIER IN YEAR. HE SAID DELEGATION DID NOT EXPECT ANY IMMEDIATE RESULTS OR AGREEMENTS TO EMERGE FROM TRIP BUT ADDED THAT EXCELLENT POSSIBILITY EXISTED FOR ESTABLISHMENT OF GOOD WORKING RELATIONSHIPS WITH US COUNTERPARTS OVER LONG TERM. GROUP WILL VISIT CHASE AND MANUFACTURER'S IN NEW YORK, BANK
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PAGE 02 BUDAPE 03006 291244Z

OF AMERICA AND WELLS FARGO IN SAN FRANCISCO AND REPUBLIC

IN DALLAS, IN ADDITION TO WASHINGTON.

3. TURNING TO GENERAL COMMERCIAL THEMES FEKETE WAS EXTREMELY BULLISH ON POSSIBILITY OF LARGE INCREASE IN US EXPORTS TO HUNGARY, PARTICULARLY IN VIEW OF WHAT HE DESCRIBED AS PRESENT UNDERVALUED STATE OF US DOLLAR. ON OTHER HAND FEKETE SAID THAT HE EXPECTED HUNGARIAN SALES TO US TO DEVELOP SLOWLY EVEN WITH MFN BUT QUICKLY ADDED THAT THIS SLOW DEVELOPMENT WOULD NOT HAMPER US SALES TO HUNGARY AS LONG AS US PRICES COMPETITIVE.

4. FEKETE THEN REFERRED PROUDLY TO HUNGARY'S OWN IMPROVED TRADE POSITION AND SPEEDY SOLUTION OF OVERINVESTMENT PROBLEM WHICH SURFACED IN 1971. THE SOLUTION OF THESE PROBLEMS CLEARLY DEMONSTRATED ABILITY OF NEM TO QUICKLY DEAL WITH DIFFICULTIES IN HUNGARIAN ECONOMY. HE ADDED THAT SUCCESS OF NEM CAUSING OUR NEIGHBORS TO COME DOWN AND STUDY OUR SYSTEM. WHILE MORE DOGMATIC ELEMENTS MAY NOT ALWAYS LIKE WHAT THEY SEE (AND HERE HE ALLUDED SPECIFICALLY TO EAST GERMANS), THEY MUST ADMIT THAT HUNGARIAN ECONOMIC REFORMS HAVE BEEN SUCCESSFUL. THIS SUCCESS, HE CONFIDENTLY CONCLUDED, WILL RESULT IN MANY OF OUR SOCIALIST NEIGHBORS INCREASINGLY BORROWING FROM OUR EXPERIENCE IN FUTURE. MUDD

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